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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Implement the
Commission's Procurement Incentive Framework and to
Examine the Integration of Greenhouse Gas Emissions
Standards into Procurement Policies.

Rulemaking 06-04-009
(Filed April 13, 2006)

**COMMENTS OF THE NATURAL RESOURCES DEFENSE COUNCIL (NRDC)
ON THE PROPOSED "INTERIM OPINION ON PETITION TO MODIFY
DECISION 07-01-039 WITH REGARD TO THE TREATMENT OF
BOTTOMING-CYCLE COGENERATION"**

August 13, 2007

Audrey Chang
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OF THE STATE OF CALIFORNIA**

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Commission's Procurement Incentive Framework and to
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ON THE PROPOSED "INTERIM OPINION ON PETITION TO MODIFY
DECISION 07-01-039 WITH REGARD TO THE TREATMENT OF
BOTTOMING-CYCLE COGENERATION"**

The Natural Resources Defense Council (NRDC) respectfully submits these comments, pursuant to Rules 14.3, 1.9, and 1.10 of the California Public Utilities Commission's (CPUC or Commission) Rules of Practice and Procedure, on President Peevey's proposed "Interim Opinion on Petition to Modify Decision 07-01-039 with Regard to the Treatment of Bottoming-Cycle Cogeneration" (Proposed Decision or PD). NRDC is a non-profit membership organization with a long-standing interest in minimizing the societal costs of the reliable energy services that a healthy California economy needs. In this proceeding, NRDC represents its more than 124,000 California members' interest in receiving affordable energy services and reducing the environmental impact of California's electricity consumption.

NRDC strongly supports the Proposed Decision, as well as D.07-01-039, and urges the Commission to adopt the PD without modification at its August 23, 2007 meeting. NRDC commends the Commission for the leadership role it has taken in establishing the greenhouse gas (GHG) emissions performance standard (EPS), which was also subsequently adopted into law on a statewide basis by Senate Bill (SB) 1368.


The PD correctly rejects the petition for modification of D.07-01-039 filed by the Energy Producers and Users Coalition and the Cogeneration Association of California

(EPUC/CAC). Based on the facts already presented in the proceeding, the PD rejects EPUC/CAC's arguments that bottoming-cycle cogeneration facilities should be exempt from the EPS or otherwise that these facilities are not a "powerplant" as defined by SB 1368. The PD rightly follows the intent of SB 1368 in denying EPUC/CAC's petition. In addition, the PD correctly dismisses EPUC/CAC's assertion that bottoming-cycle cogeneration facilities have "no emissions" and also shows that the thermal conversion formula for cogeneration adopted by D.07-01-039 can readily be applied to bottoming-cycle cogeneration. NRDC supports the PD's proposed clarification of how the cogeneration thermal conversion methodology adopted in D.07-01-039 should be applied to bottoming-cycle cogeneration facilities (Ordering Paragraph 1).

NRDC strongly urges the Commission to adopt the PD without delay in order to continue implementing SB 1368.

Dated: August 13, 2007

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Audrey Chang". The signature is fluid and cursive, with the first name "Audrey" and last name "Chang" clearly distinguishable.

Audrey Chang
Staff Scientist

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the “**Comments of the Natural Resources Defense Council (NRDC) on the Proposed ‘Interim Opinion on Petition to Modify Decision 07-01-039 with Regard to the Treatment of Bottoming-Cycle Cogeneration’” in the matter of R.06-04-009** to all known parties of record in this proceeding by delivering a copy via email or by mailing a copy properly addressed with first class postage prepaid.

Executed on August 13, 2007 at San Francisco, California.



Shari Walker
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